

CITY OF FRISCO PERSONNEL POLICIES
SECTION 6
BENEFITS

Section 6.1: NON-LEAVE BENEFITS

Effective Date: 08/06/08

Approved By: Ordinance No. 08-08-72

Revision Date:

6.1.1 STATEMENT OF PURPOSE:

The purpose of this policy is to provide information regarding the non-leave benefits offered to City employees, as well as volunteer Police Officers and Firefighters. Non-leave benefits may include health expense coverage(s), as well as death, disability and retirement benefits. Benefits and levels of coverage provided may change based on City Council direction and approved budget. Guidelines regarding leave benefits, such as vacation, holiday and sick leave, are addressed in other policies.

The City has discretionary and final authority to construe and interpret all employee benefit plans, decide all questions of eligibility, and determine the amount, manner and time of payment of any benefits, to the extent allowed by law and by contract with a plan's administrator. Summary booklets and detailed information on each of the benefit plans described herein may be obtained from the Human Resources Department.

Statements made in this policy as a general informational summary of benefits that are inconsistent with the official plan documents are void.

6.1.2 ELIGIBILITY AND PARTICIPATION:

Generally, all regular full-time employees and regular part-time employees, designated to work at least 30 hours per week, will be eligible for non-leave benefits. However, the specific eligibility requirements for and the amount of any benefit available under a plan will depend on the provisions of the official plan document and federal tax law.

Employee participation in a non-leave benefit plan may or may not be contributory. The amount of employee contribution required to participate may vary from plan to plan and from year to year. Employees who do not wish to participate in any benefit plan for which participation would be fully paid by the City (non-contributory) must contact the Human Resources Department to determine whether withdrawal is possible. An open enrollment period will be provided to allow employees to either add or drop coverage(s) based on any changes to benefits or contribution requirements. Changes requested outside of the annual open enrollment period must be approved by the Human Resources Department.

6.1.3 NON-LEAVE BENEFITS:

A. Health Expense Coverage(s): Regular full- and part-time employees (designated to work 30 hours per week) may participate in the City's group health plan, which provides some level of reimbursement for certain medical, hospital, dental and vision care expenses.

1. The City will pay a portion of the cost to cover both the employee and his/her eligible dependents (if enrolled); the balance of the cost will be paid by the employee, either through payroll deduction or by another means approved by the Human Resources Department.
2. Part-time employees may be required to pay a greater portion of the cost for coverage than full-time employees.
3. Continuation of Health Coverage
 - i. Should an employee or his/her dependents lose health coverage due to a change in eligibility status, including resignation/termination, a reduction in hours, divorce or other loss of dependent status, the City will comply with the federal Consolidated Omnibus Reconciliation Act of 1985 (COBRA) which gives certain former employees, retirees, spouses, and dependent children the right to temporary continuation of health coverage at group rates. (Other benefits, such as life and disability, are not covered by this Act.)
 - ii. The City shall also comply with any state requirements for continuation of coverage as described in the Texas Insurance Code.
 - iii. The employee, or other qualified beneficiary, is required to notify the City's Human Resources Department of a divorce or other loss of dependent eligibility under the City's health plan within 60 days of its effective date; failure to make this notification in a timely manner will result in a loss of eligibility to continue coverage.
 - iv. Qualified beneficiaries (i.e. employees and/or dependents losing coverage) may elect continuation coverage together or individually:
 - a. Coverage may only continue at the same level as it was prior to loss of eligibility, that is coverage may not be increased.
 - b. Individuals electing continuation coverage will be responsible for the full cost of coverage; the City makes no contribution.
 - c. Coverage contributions must be paid on time, or continuation coverage will be terminated.

B. Section 125 Tax Saver Plan

1. As authorized by Section 125 of the Internal Revenue Code, the City has established a plan which allows the use of employee payroll deductions to be used for the following on a pre-tax basis:
 - i. Employee contributions/premiums paid to health plan coverage(s);
 - ii. Reimbursement for qualified out-of-pocket health care expenses that are not covered by the health plan (e.g. prescription drug and office visit co-pays, lab

- fees, glasses, contacts, dental services, over-the-counter/nonprescription drugs, etc.); and
 - iii. Reimbursement for dependent care costs paid to day care and elder care providers.
2. Because participation in the Section 125 plan may reduce an employee's income tax liability, changes in participation can only be made during the annual open enrollment period or whenever the employee experiences and reports a qualified change in family status, as outlined in the plan document.
 - i. Employees wishing to make a change in health coverage or the flexible spending account for expense reimbursement must complete and submit a change of status form to the Human Resources Department no later than 30 days following the effective date of the change.
 - ii. Employees anticipating a change in family status should contact the Human Resources Department as soon as possible to determine whether a corresponding change in plan participation is permissible.

C. Death Benefits:

1. Designated beneficiaries of all regular full- and part-time employees may be eligible for death benefits from the following sources:
 - i. The Texas Municipal Retirement System (TMRS)
 - ii. The City's group term life plan
 - iii. The City's group accidental death and dismemberment (AD&D) plan
 - iv. Any voluntary group life or AD&D insurance purchased by the employee
 - v. The accidental death and dismemberment plan for active and volunteer Police Officers and Firefighters
 - vi. Payment of accrued sick, vacation, holiday and compensatory time otherwise payable to an employee upon separation
2. Death benefits from each of the above sources may vary according to the individual's particular eligibility and/or vesting status at the time of death.
3. Employees/volunteers desiring to make a change in beneficiary for the various death benefits listed above should contact the Human Resources Department for more information as soon as possible.

D. Disability Benefits

1. Long-term disability insurance
 - i. The City provides long-term disability insurance for all regular full- and part-time employees, at no cost to the employee, to provide income protection in the event that an extended disability results in a loss of earnings that cannot be covered by paid leave.
 - ii. Long-term disability coverage pays a benefit equal to a percentage of the employee's basic, pre-disability earnings, subject to certain limitations and reductions due to income from other sources.
 - iii. Generally, an individual must have been disabled, as defined by the policy, for a period of at least six months to be considered for a benefit.

2. Short-term disability insurance

- i. The City provides short-term disability insurance for all regular full- and part-time employees, at no cost to the employee, to provide income protection in the event that a temporary disability results in a loss of earnings that cannot be covered by paid leave.
- ii. Short-term disability insurance coverage pays a benefit equal to a percentage of the employee's pre-disability earnings, subject to certain limitations and reductions due to income from other sources.
- iii. Generally, an individual must have been disabled, as defined by the policy, for a period of at least 31 days.
- iv. Short-term disability benefits are usually limited to a maximum of 180 days.

E. Retirement Benefits

1. Texas Municipal Retirement System (TMRS)

- i. The City participates in the Texas Municipal Retirement System (TMRS), which is a qualified tax deferred retirement plan.
- ii. Regular full-time employees and employees designated to work 1,000 hours or more per year are automatically enrolled.
- iii. Participants make a contribution each paycheck of 7% of income; the City matches the employee's contribution on a 2 to 1 basis.
- iv. Contributions and earnings are not subject to federal income tax until withdrawn from the plan.
- v. Employee contributions vest immediately, but the City's contributions vest after five (5) years of service.
- vi. A fully vested employee is eligible to retire at age 60 or at any age with 20 years of service credit.

2. Section 457 Deferred Compensation Plan(s)

- i. All regular full-time and part-time employees (designated to work at least 30 hours per week) may elect to participate in one of the City's two deferred compensation plans.
- ii. A 457 Deferred compensation plan is a voluntary supplemental retirement savings plan under which employees make contributions on a pre-tax basis; the City makes no contribution to these plans.
- iii. Employee contributions and earnings are not subject to federal income tax until withdrawn from the plan.
- iv. Annual employee contributions to one or more plans combined are subject to limits set by the Internal Revenue Code.

3. Retiree Health Insurance

- i. The City of Frisco offers continuation of health coverage to employees retiring from the City under the Texas Municipal Retirement System.
- ii. Application to enroll must be made no later than the date of retirement, and the retiree may elect coverage for anyone covered at the time of retirement.
- iii. Retirees are responsible for the full cost of coverage and must make regular and timely payments to the City on a monthly basis.

- iv. Coverage may continue until payments are delinquent or the covered person becomes eligible for Medicare, at which time he/she may be eligible to purchase a Medicare supplement plan.

F. Financial Assistance to Survivors of Law Enforcement Officers and Firefighters

- 1. Chapter 615 of the Texas Government Code provides additional death benefits to the eligible survivors of Police Officers, Firefighters and EMS personnel killed in the line of duty, whether as regular employees or volunteers.
 - i. Most benefits are administered by the board of trustees of the Employees Retirement System of Texas (ERS); others are administered by the City's Human Resources Department.
 - ii. Benefits for eligible survivors may include:
 - a. Cash payment(s)
 - b. Education benefits
 - c. Continuation of Health Coverage
 - iii. Claims and requests for more information regarding benefits should be directed to the ERS; however, the City's Human Resources Department will provide information regarding continuation of health coverage and assistance in initiating claims for other benefits.